

Message Text

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45

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 SPC-03 AID-20

NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 OIC-04 FEA-02 NIC-01 GSA-02

INT-08 DRC-01 PA-04 PRS-01 L-03 /202 W

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R 141408Z MAR 74

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 9593

INFO AMEMBASSY ACCRA

AMEMBASSY BAMAKO

AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY THE HAGUE

AMEMBASSY KINGSTON

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMCONSUL PARAMARIBO

AMEMBASSY PARIS

AMEMBASSY SANTO DOMINGO

AMEMBASSY TOKYO

AMEMBASSY YAOUNDE

USINT ALGIERS

USIA WASHDC

C O N F I D E N T I A L CONAKRY 0382

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E.O. 11652: GDS

TAGS : EMIN
SUBJECT : SOVIET INTEREST IN BAUXITE PRODUCERS MEETING

REF: A) CONAKRY 314 (NOTAL)
B) CONAKRY 342 (NOTAL)
C) CONAKRY 348 (NOTAL)

1. SOVIET MINISTER-COUNSELOR AGAPOV ASKED TO SEE CHARGE ON MARCH 13 ON URGENT BASIS TO DISCUSS BAUXITE PRODUCERS CONFERENCE. AFTER EXPRESSING EMBARRASSMENT, AGAPOV SAID SOVIET EMBASSY VERY INTERESTED IN RESULTS AND DISCUSSIONS BUT HAD NOT RECEIVED MUCH INFORMATION. HIS MAIN INTEREST, HE SAID, WAS IN COMPARING DRAFT RESULTING FROM BELGRADE MEETING (WHICH HE PROMISED TO MAKE AVAILABLE TO US) WITH FINAL ACCORD WHICH HE SAID SOVIETS HAD NOT SEEN AND ANY DISCUSSION ON PRICING. HE ALSO WANTED TO KNOW ATTITUDE OF US INVESTORS AND USG. CHARGE GAVE RUNDOWN OF MAIN POINTS OF COMMUNIQUE, ETC. AS FOR USG ATTITUDE, CHARGE SAID PRESIDENT TOURE IN HIS SPEECH TO CONFERENCE (REFTEL B) AND COMMUNIQUE HAD RECOGNIZED INVESTORS' RIGHTS TO FAIR RETURN ON INVESTMENT AND CONSUMERS' RIGHT OF ACCESS TO RAW MATERIALS AT FAIR PRICE. INVESTORS AND USG COULD LIVE WITH AGREEMENT BASED ON THESE PRINCIPLES.

2. IN RESPONSE TO QUESTION AGAPOV SAID SOVIET EMBASSY ANALYSIS WAS THAT (A) ORGANIZATION WOULD NOT MAKE ITS WEIGHT FELT ON ISSUES SUCH AS PRICING UNTIL INDEFINITE FUTURE DATE; (B) EVEN SO DIFFERING POLITICAL AND ECONOMIC INTERESTS OF MEMBERS SHOULD MAKE JOINT ACTION ON SIGNIFICANT ISSUES SUCH AS PRICING DIFFICULT; (C) GUINEA IS TOO ANXIOUS FOR ADDITIONAL FOREIGN INVESTMENT ("COOPERATION") TO TAKE ANY ACTION THAT WOULD SCARE POTENTIAL INVESTORS ("COOPERATORS"). WHEN ASKED IF SOVIETS HAD DISCUSSED CONFERENCE WITH GUINEANS, AGAPOV SAID "THEY ARE VERY BUSY THESE DAYS." CHARGE COMMENTED THAT EMBASSY ANALYSIS SIMILAR TO SOVIET'S.

3. AS REPORTED REFTTEL A, SOVIETS CONCERNED OVER PRICING ARRANGEMENTS BECAUSE THEY ARE TRYING TO GET GUINEANS TO ACCEPT SAME ARRANGEMENT GUINEANS HAVE WITH FRIGUIA,
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I.E., TO CHANGE 1/3 OF TRANSFER PRICE OF BAUXITE SHIPPED INTO LOCAL CURRENCY AND THEREBY AVOID HAVING TO DEPOSIT ALL FX FOR OPERATION IN GUINEAN BANK. AGAPOV SAID SOVIET TRANSFER PRICE IS \$7 US PER TON (CURRENT CBG PRICE IS \$9 PER TON BUT CBG BAUXITE IS OF HIGHER QUALITY). HE WAS VAGUE ABOUT DATE OF FIRST EXPORT SHIPMENTS AND SAID SIMPLY "MAY OR MAYBE APRIL."

4. COMMENT: IT IS HARD TO BELIEVE SOVIETS WITH THEIR
RESOURCES HERE HAVE NOT YET OBTAINED TEXT OF PRODUCERS
AGREEMENT. THEIR MAIN INTEREST WAS MOST PROBABLY TO
FIND OUT REACTION OF USG AND PRIVATE INVESTORS. THE
SOVIET BAUXITE OPERATION ALTHOUGH 100 PERCENT "OWNED"
BY GUINEAN GOVERNMENT IS STRICTLY A COMMERCIAL VENTURE
ON THE SOVIET SIDE, AND THEIR POSITION RE PRODUCING
COUNTRIES IS THEREFORE VERY SIMILAR TO THAT OF PRIVATE
INVESTORS.
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